

VZCZCXRO1284
PP RUEHMA RUEHPA
DE RUEHCO #0111 0500614
ZNR UUUUU ZZH
P 190614Z FEB 08
FM AMEMBASSY COTONOU
TO RUEHC/SECSTATE WASHDC PRIORITY 0180
INFO RUEHZK/ECOWAS COLLECTIVE

UNCLAS COTONOU 000111

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT FOR EEB/CIP/BA
AF/W FOR DBANKS

E.O. 12958: N/A
TAGS: [ECPS](#) [EINT](#) [BN](#)
SUBJECT: TELECOMS: LACK OF ELECTRICITY AND BANDWIDTH

REF: STATE 9659

1.(U) Summary: In conversations with EconOff, business leaders in Benin's mobile telephone and internet provider sectors related the challenges and opportunities they face. The mobile telephone providers highlighted the lack of a stable power supply and a saturated market (5 mobile phone providers for a population of 7.9 million) as obstacles to growth. The internet service providers bemoaned the high prices they pay Benin Telecom, a parastatal telecommunications company, and the low bandwidth that is available as inhibiting factors to the development of internet access in Benin. End Summary.

Mobile Phones: Where's the electricity?

2.(U) According to Talibi Haidra, the Director General of MOOV Benin, a local mobile telephone provider, the major impediment to the growth of the mobile telephone sector in Benin is lack of access to a stable source of electricity. According to Haidra, each of his transmission facilities must have a back-up generator to provide power during frequent power outages. Additionally, several of the transmission facilities are located in areas which are not served by the electrical grid, which requires MOOV to maintain two generators at each location providing power 24/7. This results in higher prices for consumers as electrical power is expensive when generated by MOOV instead of procured from the grid.

3.(SBU) Haidra also cited uneasiness with the GOB's licensing scheme as a possible impediment to growth. Citing irregularities in the licensing agreements negotiated by a previous administration, the GOB annulled the licenses of all of Benin's mobile phone providers and required re-negotiation of the licenses and additional payments, in 2007. While Haidra believes the situation has been resolved, he underlined that such changes in government policies discourages investment in the sector. Haidra also felt that the GOB, with five operators for approximately eight million people, had issued too many licenses with the competition now demanding prices so low that quality will suffer.

4.(U) Haidra identified internet provision as a possible sector for growth. MOOV recently began offering internet access over its network and Haidra projects that he will eventually have around 50,000 customers for this service. Haidra stated that the manufacturers of the pylons for his transmission antennas and VSAT equipment were American but he procured the equipment through regional re-sellers. American companies may have an opportunity to sell directly to local mobile phone service providers if they desire.

ISP's: A lack of bandwidth

5.(U) Internet access in Benin is provided through three different vehicles: dial-up, ADSL, and wireless connections. In discussions with the internet service providers association in Cotonou several obstacles to improved service were revealed. Internet service is provided to Benin by fiber optic cable. At present Benin Telecom, which re-sells the access, subscribes to a 155 mbps connection with the intention to upgrade to two gbps in April 2008. Benin Telecom then resells internet access, at extremely high prices, to private internet service providers, as well as to its own customers.

6.(U) These high prices are passed onto consumers which slows the growth of the market. For example, a 128 kps ADSL connection costs approximately 75 USD a month. A one mps connection costs approximately 1,000 USD a month. Internet service in Benin is also expensive because of the lack of a local routing system for local internet traffic. Without such a system all traffic is routed internationally resulting in higher prices for local internet service providers. The equipment for such a system has been delivered to Benin Telecom but the company has not installed it.

7.(SBU) Comment: The major impediments to telecommunications and internet access in Benin are a lack of electricity for mobile phone operators and a lack of business acumen at Benin Telecom, the public telephone company. Problems with the electricity supply await government intervention to increase supply and the area covered by the electrical grid. The problems at Benin Telecoms could be resolved by business leadership which understood the cost benefits of negotiating a better price for access with its fiber optic internet provider and then passing on those cost savings to customers which in turn would drive an expansion in the market and more profits in the long run. End Comment.